



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

REPUBLIC OF THE
PHILIPPINES, represented by the
DEPARTMENT OF PUBLIC
WORKS AND HIGHWAYS
(DPWH),

Petitioner,

- versus -

PACITA VILLO AND
CARMINETT*** JAVIER,
Respondents.

G.R. No. 216723

Present:

PERLAS-BERNABE, S.A.J.*
HERNANDO,
*Acting Chairperson,***
ZALAMEDA,
ROSARIO, and
MARQUEZ, JJ.

Promulgated:

MAR 09 2022 

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DECISION

ROSARIO, J.:

The Court resolves this Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court, assailing the Decision² dated July 31, 2014 and the Resolution³ dated February 4, 2015 of the Court of Appeals (CA) in CA-G.R. CV No. 98304.

*On official business.

**Per Special Order No. 2872 dated March 4, 2022.

***Spelled as "Carmeienett" in the CA and RTC Decisions. *Rollo*, pp. 9 and 130, respectively.

¹ *Rollo*, pp. 21-47.

² Id. at 53-60. Penned by Associate Justice Francisco P. Acosta, and concurred in by Associate Justices Fernanda Lampas Peralta and Myra V. Garcia-Fernandez.

³ Id. at 61-62.

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Factual Antecedents

On March 18, 2004, petitioner Republic of the Philippines, through the Department of Public Works and Highways (DPWH), filed a Complaint⁴ for expropriation of a 550-square meter parcel of land (subject property) located at Barrio Binakayan, Municipality of Kawit, Province of Cavite, covered by Transfer Certificate of Title No. T-35696, registered under the name of Pacita Villao (Villao), in connection with the Manila-Cavite Tollways Expressway Project (MCTEP), R-1 Extension Expressway, Segment 4. Subsequently, petitioner sought leave of court to file an Amended Complaint⁵ impleading as defendant Carmienett Javier (Javier) as owner of the improvements constructed over the subject property.⁶

Petitioner deposited with Land Bank of the Philippines (LBP), South Harbor Branch, the following amounts as initial payment: ₱1,045,000.00 for the land, based on the Bureau of Internal Revenue zonal valuation of ₱1,900.00 per square meter; ₱81,868.50 for the one-storey semi-concrete house, and ₱186,343.30⁷ for the one-storey wooden house built on the land.⁸

The Regional Trial Court (RTC) of Imus, Cavite granted petitioner's Motion for Issuance of a Writ of Possession⁹ in an Order¹⁰ dated November 25, 2004, and ordered the Writ to be enforced against Villao's property. In the same Order, the RTC also granted petitioner's Motion for Leave of Court to Amend Complaint.¹¹ Hence, the RTC admitted the Amended Complaint impleading Javier as defendant, and caused the service of summons upon her.

In another Order dated June 23, 2005, the RTC granted respondents' Motion to Withdraw Deposit and directed LBP, South Harbor Branch, to release the amounts of ₱1,045,000.00 to Villao, and ₱81,868.50 and ₱186,343.30 to Javier.¹²

Thereafter, in an Order¹³ dated April 1, 2008, the RTC resolved to create a Board of Commissioners (BOC)¹⁴ tasked to determine the proper amount of just compensation. On August 15, 2011, the Commissioners submitted their

⁴ *Rollo*, p. 63-67.

⁵ *Id.* at 74-80.

⁶ *Id.* at 77.

⁷ The RTC, in its Decision dated October 24, 2011, stated the amount of ₱186,343.30 which was ordered to be released to Javier (*rollo*, p. 131). Petitioner, however, alleges that the amount of ₱186,348.30 was deposited as initial payment for the one-storey wooden house allegedly owned by Javier.

⁸ See Motion for The Issuance Of Writ of Possession, *rollo*, pp. 94-97.

⁹ *Rollo*, pp. 94-100.

¹⁰ *Id.* at 101. Penned by Executive/Pairing Judge Norberto J. Quisumbing, Jr.

¹¹ No copy of this Motion was attached to the Petition.

¹² No copy of said RTC Order and respondents' Motion were attached to the Petition, but see RTC Decision, *rollo*, p. 131.

¹³ *Id.* at 117-118.

¹⁴ Composed of Atty. Regalado E. Eusebio (Clerk of Court VI, RTC-OCC, Imus, Cavite), Mario Samaniego, Jr. (Municipal Assessor, Kawit, Cavite), and Carmelita B. Estolas (Revenue District Officer, Bureau of Internal Revenue 54-B, Bacoor City, Cavite).

Report¹⁵ recommending the amount of ₱9,000.00 per square meter as the most reasonable and fair market value of the subject property:

WHEREFORE, IN VIEW OF THE FOREGOING, we the members of the [BOC], hereby recommend to the Honorable Court that the amount of NINE THOUSAND PESOS ([₱] 9,000.00) PER SQUARE METER as the most reasonable and “fair market value” to be paid for the affected lot.

Respectfully submitted.¹⁶

In arriving at said valuation, the Commissioners’ Report considered the following factors: location and identification; neighborhood and classification; utilities, amenities; physical characteristics; occupancy and usage; and highest and best use. Using the market data approach which is based on the assumption “that no prudent purchaser will buy more than what it will cost him to acquire an equally desirable substitute site,”¹⁷ the BOC found that based on inquiries, the price of mixed commercial-residential lots in the vicinity ranged from ₱12,000.00 to ₱14,000.00 per square meter. In addition, the Board noted that a listing of comparable properties showed that an 11,000-square meter vacant lot located along CEPZA Road, Kawit, Cavite was being sold at around ₱60,500.00, while a 706-square meter idle fishpond located along Covelandia Road, Kawit, Cavite was being sold at around ₱14,200.00. Despite the foregoing considerations, the Commissioners’ Report heavily relied upon the Decision¹⁸ dated April 21, 2008 of the RTC of Dasmariñas, Cavite, Branch 90 in Civil Case No. 0009-04 (*Republic v. Tapawan*; for brevity, *Tapawan*). Considering that the subject property is of similar nature and within the immediate vicinity of the condemned property in *Tapawan*, the BOC concluded to fix the just compensation at the valuation arrived at in *Tapawan*, i.e., ₱9,000.00 per square meter.

Petitioner claimed that the Commissioners’ recommendation was exorbitant, highly speculative, and had no strong factual moorings. Villao and Javier (respondents), on the other hand, interposed no objection but prayed for the imposition of legal interest on the amount of the just compensation to be determined.

RTC Ruling

The RTC ordered the condemnation of the subject property and the payment of just compensation to respondents in a Decision¹⁹ dated October 24, 2011. The RTC adopted the BOC’s recommended valuation of ₱9,000.00 per square meter, finding that it has satisfied the standards set forth under

¹⁵ The Commissioners’ Report is undated, but the RTC, in its Decision dated October 24, 2011, stated that the BOC rendered its Report on August 15, 2011 (*rollo*, p. 131).

¹⁶ *Rollo*, p. 129.

¹⁷ *Id.* at 128.

¹⁸ *Id.* at 121-123. Penned by Executive Judge Perla V. Cabrera-Faller.

¹⁹ *Id.* at 130-135. Penned by Presiding Judge Fernando L. Felicen.

Republic Act (R.A.) No. 8974²⁰ since many of the factors under Section 5²¹ of the law were already included and considered by the BOC. Thus, the amount of just compensation was pegged at ₱4,950,000.00 for the 550-square meter subject lot. Considering that petitioner already deposited the amount of ₱1,045,000.00 when it applied for the issuance of a writ of possession, it was ordered to pay an additional ₱3,905,000.00, with legal interest reckoned from the taking of the subject property until full satisfaction,²² viz.:

Wherefore, premises considered, judgment is hereby rendered as follows, viz:

1. CONDEMNING in favor of [petitioner] the Five Hundred Fifty square meters (550 sq.m.) property located at Barrio Binakayan, Municipality of Kawit, Province of Cavite, covered by Transfer Certificate of Title No. T-35696 registered under the name of [respondent][Villao] as part of the Manila-Cavite Tollways Expressway Project (MCTEP), R-1 Extension Expressway, Segment 4;

2. DIRECTING [petitioner] to PAY [respondent][Villao], thru her Attorney-in-Fact ARVIN BROAS RISOS under and by virtue of the Irrevocable Special Power of Attorney executed by [respondent][Villao] in favour of the latter the sum of Three Million Nine Hundred Five Thousand Pesos ([₱]3,905,000.00) with legal interest at the rate of six percent (6%) reckoned from the taking of the property until fully paid representing just compensation for the taking of the Five Hundred Fifty Square (550 sq.m.) parcel of land covered by Transfer Certificate of Title No. T-35696 registered in the name of name (*sic*) of aforesaid [respondent];

3. ORDERING the Register of Deeds for the Province of Cavite to annotate a copy of this Decision in Transfer Certificate of Title No. T-35696; and

4. DIRECTING the [respondents] to pay each of members (*sic*) of the Board of Commissioners TEN THOUSAND PESOS ([₱]10,000.00) as reasonable compensation for services rendered.

²⁰ Entitled "AN ACT TO FACILITATE THE ACQUISITION OF RIGHT-OF-WAY, SITE OR LOCATION FOR NATIONAL GOVERNMENT INFRASTRUCTURE PROJECTS AND FOR OTHER PURPOSES." Approved on November 7, 2000.

²¹ SECTION 5. *Standards for the Assessment of the Value of the Land Subject of Expropriation Proceedings or Negotiated Sale.* --- In order to facilitate the determination of just compensation, the court may consider, among other well-established factors, the following relevant standards:

- (a) The classification and use for which the property is suited;
- (b) The developmental costs for improving the land;
- (c) The value declared by the owners;
- (d) The current selling price of similar lands in the vicinity;
- (e) The reasonable disturbance compensation for the removal and/or demolition of certain improvements on the land and for the value of improvements thereon;
- (f) The size, shape or location, tax declaration and zonal valuation of the land;
- (g) The price of the land as manifested in the ocular findings, oral as well as documentary evidence presented; and
- (h) Such facts and events as to enable the affected property owners to have sufficient funds to acquire similarly-situated lands of approximate areas as those required from them by the government, and thereby rehabilitate themselves as early as possible.

²² *Rollo*, p. 134.

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SO ORDERED.²³

Petitioner filed an appeal²⁴ before the CA.

CA Ruling

In its assailed Decision,²⁵ the CA denied petitioner's appeal and affirmed *in toto* the RTC Decision. It found that the observations in the Commissioners' Report were satisfactorily supported with evidence because aside from referring to pertinent documents, the Commissioners made personal verification with the appropriate offices, conducted several ocular inspections of the subject property, and considered the surrounding properties, the character, location, identification of the neighborhood, facilities and utilities therein, and varying developments in the immediate vicinity of the subject property.²⁶

Petitioner's Motion for Reconsideration²⁷ was denied by the CA in a Resolution²⁸ dated February 4, 2015, hence, the present Petition assailing the CA Decision and Resolution for not being in accord with law and applicable jurisprudence, on the following grounds:

I. IN AFFIRMING THE DECISION OF THE TRIAL COURT, THE [CA] RELIED ENTIRELY ON THE COMMISSIONER'S REPORT WHICH IS MANIFESTLY HEARSAY.

A. THE COMMISSIONER'S REPORT IS BEREFT OF ANY DOCUMENTARY SUPPORT. IT CONSTITUTES HEARSAY AND SHOULD BE DISREGARDED PURSUANT TO THE PRONOUNCEMENTS OF THE HONORABLE COURT IN *NPC V. YCLA SUGAR DEVELOPMENT CORPORATION* AND *NAPOCOR V. DIATO-BERNAL*.

B. THERE WAS NO *BONA FIDE* VALUATION OF THE EXPROPRIATED PROPERTY. THE COMMISSIONER'S REPORT HINGED COMPLETELY ON THE VALUATION OF THE BOC IN *TAPAWAN*. THE JUST COMPENSATION PRONOUNCED IN *TAPAWAN* WAS NOT INTENDED TO BECOME A PRECEDENT, MUCH LESS, AN AUTHORITY TO BE APPLIED INVARIABLY IN OTHER EXPROPRIATION CASES. THE JUST COMPENSATION AWARDED THEREIN WAS A RESULT OF THE DELIBERATION OF THE BOC IN THAT CASE PURSUANT TO THE EVIDENCE PRESENTED BY THE PARTIES.

²³ Id. at 134-135.

²⁴ No copy of the Notice of Appeal was attached to the Petition, but see petitioner's Brief for the Plaintiff-Appellant filed before the CA, *rollo*, pp. 136-165.

²⁵ Id. at 53-60.

²⁶ Id. at 58.

²⁷ No copy of this Motion was attached to the Petition.

²⁸ Id. at 61-62.

II. THE AMOUNT OF JUST COMPENSATION RECOMMENDED BY THE [BOC] IS BASED ON THE PURPORTED "CURRENT MARKET OFFERING" AND NOT THE PRICE OF THE PROPERTY IN JUNE 2004 OR AT THE TIME THE COMPLAINT WAS FILED AS REQUIRED BY LAW AND JURISPRUDENCE.²⁹

In their Comment,³⁰ respondents pray for the denial of the Petition, arguing that the Commissioners' Report is not hearsay but in fact substantiated by evidence. They point out that the records reveal that the Commissioners not only relied on documentary evidence but conducted ocular inspection of the subject property and made verifications with the proper offices. Furthermore, they claim that the CA correctly held that the Commissioners had considered the surrounding properties, the character, location, identification of the neighborhood, facilities and utilities therein, and varying developments in the immediate vicinity of the subject property.

The Court's Ruling

The Court finds the Petition meritorious.

In finding for respondents, both the RTC and the CA held that the Commissioners' Report was supported by evidence and in accordance with the factors set forth in Section 5³¹ of R.A. No. 8974, which was the law in effect at the time the expropriation proceedings was commenced.³² While the current selling price of similar lands in the vicinity is one of the factors that may be considered under said provision, the Court finds that the amount of ₱9,000.00 per square meter as just compensation for the subject property is not in accord with law and applicable jurisprudence.

The Constitution provides that "[p]rivate property shall not be taken for public use without just compensation."³³ Jurisprudence has defined just compensation in the following manner:

Just compensation has been defined as the full and fair equivalent of the property taken from its owner by the expropriator. The measure is not the taker's gain, but the owner's loss. The word "just" is used to intensify the meaning of the word "compensation" and to convey thereby the idea that the equivalent to be rendered for the property to be taken shall be real, substantial, full, and ample.³⁴

²⁹ Id. at 31-32.

³⁰ Id. at 202-204.

³¹ Supra note 21.

³² Republic Act (R.A.) No. 10752, entitled "AN ACT FACILITATING THE ACQUISITION OF RIGHT-OF-WAY SITE OR LOCATION FOR NATIONAL GOVERNMENT INFRASTRUCTURE PROJECTS," otherwise known as "THE RIGHT-OF-WAY ACT." (April 3, 2016), repealed R.A. No. 8974.

³³ CONSTITUTION, Art. III, Sec. 9.

³⁴ *National Power Corporation v. Diato-Bernal*, 653 Phil. 345, 354 (2010).

Rule 67 of the Rules of Court and R.A. No. 8974 govern expropriation proceedings for national infrastructure projects.³⁵ Section 4 of Rule 67 provides that the just compensation to be paid shall be determined as of the date of the taking of the property or of the filing of the complaint, whichever came first.³⁶ In this case, just compensation must be reckoned from the date of filing of the complaint on March 18, 2004,³⁷ since there is no indication that there was an actual taking before such date. Gleaned from the Commissioner's Report, however, the recommended valuation of ₱9,000.00 per square meter adopted by the RTC does not represent the fair market value of the subject property as of such date of filing of the complaint for expropriation.

The Commissioner's Report considered the subject property's location and identification, neighborhood and land classification, available utilities and amenities in the area, the land's physical characteristics, its occupancy and usage, as well as its highest and best use. In arriving at its recommended valuation for the subject property, it listed the prices of comparable properties, and eventually arrived at the amount of ₱9,000.00 per square meter primarily on the basis of the RTC Decision in *Tapawan*, to wit:

It is noted that the properties of defendants Zenaida Tapawan is located in the immediate vicinity from [respondents'] properties which are likewise the subject expropriation proceedings relative to the construction of the Manila-Cavite Toll Expressway, the properties both as to classification and/or location which effectively undersigned Commissioners have adopted the amount of [₱]9,000.00 per square meter, as determined by the Honorable Court.

The Pacita Villao property is residential in nature and are [*sic*] located in the immediate vicinity from the above captioned cases properties [*sic*].

It is the consensus of the Board of Commissioners that the just compensation for the lot is pegged at [₱]9,000.00 per square meter based on the Court Decision of Civil Case No. 0009-04 RP-DPWH vs. Zenaida Tapawan on the basis that the same lot is located in the same vicinity.

WHEREFORE, IN VIEW OF THE FOREGOING, we the members of the [BOC], hereby recommend to the Honorable Court that the amount of NINE THOUSAND PESOS ([₱] 9,000.00) PER SQUARE METER as the most reasonable and "fair market value" to be paid for the affected lot.

³⁵ *National Power Corporation v. Posada*, 755 Phil. 613 (2015).

³⁶ Section 4 of Rule 67 provides in part:

Order of Expropriation. — If the objections to and the defenses against the right of the plaintiff to expropriate the property are overruled, or when no party appears to defend as required by this Rule, the court may issue an order of expropriation declaring that the plaintiff has a lawful right to take the property sought to be expropriated, for the public use or purpose described in the complaint, **upon the payment of just compensation to be determined as of the date of the taking of the property or the filing of the complaint, whichever came first.** x x x (Emphasis supplied)

³⁷ The Complaint was dated March 1, 2004 (*rollo*, pp. 63-67). This date of filing was provided by petitioner in the Petition for Review on *Certiorari* before this Court (*rollo*, p. 21) and petitioner's Appellant's Brief before the CA (*rollo*, p. 139).

Respectfully submitted.³⁸

Although the property subject of *Tapawan* was alleged to be residential in nature, is within the vicinity of the subject property, and was likewise affected by the MCTEP, a reading of the RTC Decision in *Tapawan* shows that there is no clear mention of the date of the filing of the complaint for expropriation or when actual taking of the property took place. Hence, it was erroneous to adopt the *Tapawan* ruling in its entirety without qualification.

Likewise, there is no clear indication that the prices of mixed commercial-residential lots in the vicinity of the subject property and the listing of comparable properties referred to in the Commissioners' Report are representative of the market values in 2004 of similar or comparable lots. Notably, the Commissioners' Report adopted by the RTC failed to indicate the date of "current market offerings." Hence, such data cannot be considered as an accurate gauge of the fair market value of the subject property in 2004.

Petitioner's reliance on *National Power Corporation v. Diato-Bernal (Diato-Bernal)*³⁹ and *National Power Corporation v. YCLA Sugar Development Corporation (YCLA Sugar Development Corporation)*⁴⁰ is well-taken. In both cases, the Court reversed and set aside the lower courts' determination of just compensation for lack of sufficient legal basis. Aside from the fact that the commissioners' reports in said cases were found to be unsupported by documentary evidence, the Court found that the market values of the properties used to determine just compensation were not gauged as of the time of the filing of the complaint. In *Diato-Bernal*, the market value in 1999 was used although the complaint was filed in 1997. In *YCLA Sugar Development Corporation*, the two commissioners' reports used the market value prevailing in 2001 and 2003, respectively, although the complaint was filed in 1997.

On the basis of the foregoing, We find that a remand of this case to the RTC for proper determination of just compensation is in order. It must be emphasized that just compensation must be reckoned as of the filing of the original complaint on March 18, 2004.⁴¹ Furthermore, legal interest shall be imposed on the unpaid balance of the just compensation to be determined by the RTC.⁴² In *Republic v. Macabagdal*,⁴³ the Court held that legal interest shall run "not from the date of the filing of the complaint but from the date of the

³⁸ *Rollo*, pp. 128-129.

³⁹ *Supra* note 34.

⁴⁰ 723 Phil. 616 (2013).

⁴¹ An Amended Complaint dated June 25, 2004 was subsequently filed (*rollo*, pp. 74-80). In *Republic v. Castillo* (G.R. No. 190453, February 26, 2020), citing *National Power Corporation v. Tiungco* (543 Phil. 637, 647-648 [2007]), the Court held that just compensation should be reckoned from the filing of the original complaint for expropriation and not from the filing of the amended complaint, there being no actual taking of the property prior to the filing of the original complaint.

⁴² See *Felisa Agricultural Corporation v. National Transmission Corporation*, 834 Phil. 861, 868 (2018).

⁴³ 823 Phil. 477, 478 (2018).

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issuance of the Writ of Possession, since it is from this date that the fact of the deprivation of property can be established.”⁴⁴ Hence, the unpaid balance of the just compensation in this case (that is, the difference between the total amount to be determined by the RTC and the government’s initial payment of ₱1,045,000.00) shall earn legal interest at the rate of 12% *per annum* from November 25, 2004, when the RTC granted petitioner’s Motion for Issuance of a Writ of Possession, until June 30, 2013; and beginning July 1, 2013, at the rate of 6% *per annum* until finality of the decision fixing the just compensation. Thereafter, the total amount of just compensation shall earn legal interest of 6% *per annum* from the finality of the decision fixing the just compensation until full payment thereof.⁴⁵

WHEREFORE, the petition is **GRANTED**. The Decision dated July 31, 2014 and the Resolution dated February 4, 2015 of the Court of Appeals in CA-G.R. CV No. 98304 are hereby **REVERSED**. The case is remanded to the Regional Trial Court, Fourth Judicial Region, Imus, Cavite, Branch 20, for the proper determination of just compensation, in accordance with the principles discussed in this Decision.

SO ORDERED.



RICARDO R. ROSARIO
Associate Justice


⁴⁴ *Id.*, citing *National Power Corporation v. Heirs of Ramoran*, 787 Phil. 77, 79 (2016).

⁴⁵ See *Republic v. Heirs of Spouses Valentina Juan Bonifacio and Aurelio Bonifacio*, G.R. No. 226734, May 10, 2021, and *Evergreen Manufacturing Corporation v. Republic*, 817 Phil. 1048 (2018). In these Decisions, there was already a determination of the amount of just compensation. Notably, the Court ordered the payment of interest as follows: 12% *per annum* from date of taking until June 30, 2013, and 6% *per annum* from July 1, 2013 until finality of the Decision; and thereafter, the total amount of just compensation shall earn interest of 6% *per annum* from finality of Decision until full payment thereof. In *Republic v. Heirs of Andres Francisco*, G.R. No. 244115, February 3, 2021, considering that the Court affirmed the CA Decision ordering the remand of the case to the RTC for proper determination of just compensation, the Court ordered the payment of interest as follows: 12% *per annum* from date of taking until June 30, 2013, and 6% *per annum* from July 1, 2013 until finality of the decision *fixing the just compensation*; and thereafter, the total amount shall earn interest of 6% *per annum* from finality of the decision *fixing the just compensation* until full payment thereof.

WE CONCUR:

On official business
ESTELA M. PERLAS-BERNABE
Senior Associate Justice


RAMON PAUL L. HERNANDO
Associate Justice


RODIL V. ZALAMEDA
Associate Justice


JOSE MIDAS P. MARQUEZ
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


RAMON PAUL L. HERNANDO
Associate Justice
Acting Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ALEXANDER G. GESMUNDO
Chief Justice

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